

INDUSTRY UPDATE

Biweekly Period Ending December 30, 2000

Phoenix Metro Area

Services

The *Grinch*'s presence was felt in more than movie theaters this Christmas. A **number of Phoenix-based service businesses**, many that are "new economy" companies, **laid off** large numbers of employees or **shut down entirely** in December. The Hispanic-oriented Internet site **Quepasa.com** plans to **liquidate its assets** and **lay off most** of its remaining 20 employees after continued red ink (\$26 million in 2000).

Another Web firm **Visitalk.com**, which provides free computer-to-telephone calls, is **struggling to stay alive** (down to 10 employees) after it has been unable to make enough money through advertisements on its Web site.

ClearData Communications, which owns 14 regional Internet service providers, has **laid off two-thirds of its 300 employees** (120 locally) after it filed for Chapter 11 bankruptcy protection in early December. Then, there are the **100 employees left "in the cold"** by their employer **Cypress Health Care Services**. The home-health care company **closed without notice** in early December and failed to pay employees their last paychecks, according to a story in the *East Valley Tribune*. Finally, **Employee Solutions Inc.**, which provides human resources and administrative services to 1,000 employers in 40 states, announced it is **going out of business**. The outsourcing company, which has had financial problems since 1998, will **terminate its 250 corporate employees** by the end of February.

Tucson Metro Area

Manufacturing

Teach it and they will come. Jobs, that is.

Local optics manufacturers, such as Raytheon Missile Systems, said they are willing to **expand** their operations or **build new ones, if qualified technicians and assemblers were available**. Now, **Pima Community College** is trying to fill that void with the **introduction** in January of a **two-year associate's degree and certificate programs in optoelectronics**. Raytheon said it could hire between 25 and 50 workers a year from the Pima Community College, while a local manufacturer of solar energy products, TerraSun L.L.C., said it needs 15 to 20 optics technicians short-term and many more than that long-term. Students earning a two-year associate's degree in the optics program can expect **starting salaries in the mid-\$30,000 range**, said the college's program director. For more information on the optics program, call 520-206-5025.

Construction

After six years of intense battles, the **Pima County Board of Supervisors approved** a scaled-down version of a **Fairfield Homes subdivision** in the 5,900-acre **Canoa Ranch**, which is south of Green Valley on the west side of Interstate 19. Originally planned for 36,000 homes and 27 holes of golf, the supervisors agreed to allow **2,000 homes and nine holes of golf** on 1,000 acres. The county is expected to buy and preserve the remaining 5,000 acres.

Government

Like their counterparts in the Phoenix metro area, the **Tucson Police Department** and the **Pima County Sheriff's Department** are **having trouble finding qualified applicants** to fill vacancies and new positions. A strong economy and disqualification for various reasons (e.g., recent drug use) are blamed for the

dearth of recruits, with about 10 candidates vying for every Sheriff's Department opening, compared to a 50-to-1 ratio six years ago. Adding to the departments' frustration is the fact that there is available funding — \$8 billion in federal grants — for state and local governments to put more police on the streets. **Salaries start** at around **\$34,000 a year** for **rookie Tucson police officers**, while **new Pima County deputies** make around **\$31,000 annually**, with a 10 percent increase expected this January.

Balance of State

Manufacturing

A mix of the old (housing) and new (manufacturing techniques) **could lead to 20 to 30 jobs** for the town of Cameron on the Navajo Reservation. Initially, **Indigenous Community Enterprise (ICE)** will **build hogans** for several government and nonprofit organizations, such as the Cameron Tourism Association, Leupp Elementary School, and the National Parks Tribal Liaison. Pre-manufactured logs will be shipped from an Eager mill, but eventually the **log manufacturing business may be moved to Cameron** if orders for hogans and other wood-based housing (log cabins) increase. The cost of a hogan, equipped with a kitchen, bath, and solid wood floor, is estimated at \$30,000.

Trade

Loves Country Stores, which operates 75 truck stops in 14 states, is expected to **open a new location** at the **DW Ranch Road interchange on Interstate 40**, a few miles **east of Kingman**, by September 2001. The Mohave County Board of Supervisors approved in mid-December the \$4 million development, which will **employ about 40 people**, after initially turning down the project a month earlier because of concerns about traffic and light pollution from residents near the proposed 24-hour restaurant and truck-service operation.

Statewide

Trade

The **announced closure** in late December of the 128-year-old **Montgomery Ward department store chain** will **cost about 800 Arizonans their jobs**. The Chicago-based retailer, which is filing for Chapter 11 bankruptcy protection for the second time in three years, has **seven stores in the Phoenix metro area** and **two in the Tucson metro area**. A subsidiary of General Electric Co., Ward is expected to close its 250 stores and 10 distribution centers in 30 states within the next six months.

Government

Nineteen sites in several Arizona cities — including Wilcox, Safford, Kingman, and Yuma — are **being considered for a federal prison** to house 1,500 low-security criminal aliens. The Federal Bureau of Prisons, which will conclude its analysis of sites in mid-January, is expected to **announce the winning location in June**. Construction of the prison, which will **create 250 permanent full-time jobs** when operational, is expected to take about a year.

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